



2013 legislative requests

July 2013
Doc. #FS-0026-B

**Three of four
agency-request
bills adopted
in 2013**

**Implements
new federal
requirements
to prevent
benefits fraud
and
overpayments**

**Shared-Work
improvements
make state
eligible for
temporary
federal
reimbursement**

**"Good
conscience"
tax settlements**

The state legislature approved three of the four bills requested by the Employment Security Department (ESD) in 2013:

- "Conform" with new federal anti-fraud laws.
- Hold employers nearly harmless for Shared-Work benefit payments.
- Authorize ESD to enter into settlement agreements for tax debts.

A fourth bill (authorizing ESD to access Fish & Wildlife records to improve our debt collection) did not pass.

Adopt federal requirements

Congress passed new laws in October 2011 aimed at fighting fraud and errors that cause benefits overpayments, thus improving the "integrity" of the unemployment-insurance system. These laws required the following two changes to state law to remain in conformity with the new federal requirements:

1. Assess a minimum 15 percent penalty for people who commit unemployment-benefits fraud, beginning with the first offense.
2. Prohibit relief from benefit charges for employers with a pattern of failing to respond timely or adequately to ESD's requests for information, where that failure results in improper benefit payments. (In other words, the benefits will be applied to the employer's experience-rated unemployment tax.)

The new state law also requires Employment Security to consider the employer's failure to respond timely or adequately when determining if it would be against "equity and good conscience" to require a claimant to repay unemployment benefits received under these circumstances.

Failing to implement the claimant-fraud requirement would have put ESD's federal administrative funding at risk, and failing to pass and implement the "employer pattern" requirement could cost Washington employers federal tax credits valued at \$200 million to \$300 million per year. (The new law takes effect Oct. 20, 2013.)

Tweak Shared-Work Program to save employers money

The new law makes minor technical changes to conform with federal requirements. As a result, the federal government will reimburse Washington state for most* Shared-Work benefits paid from July 2012 through mid-2015. As a result, the reimbursed portion will not affect state unemployment-tax rates and does not have to be repaid by reimbursable employers (e.g., government agencies, tribes, some nonprofits). Also, Employment Security is eligible for up to \$2.1 million in federal grants to enroll employers, promote the program and enter the changes into our computer system. (Qualifies state for reimbursements retroactive to July 2012.)

Authorize tax settlements (C 122 L 13)

This new law allows Employment Security to enter into settlement agreements with employers for less than the amount of taxes, interest or penalties due, but only when it would be against equity and good conscience to demand the full amount. The department already had this authority for settling benefit overpayments. (Enacted retroactively to Jan. 1, 2013.)

** Under the federal sequester, the reimbursement rate for federal fiscal year (FFY) 2013 is about 95 percent. No decision has been made yet about FFY 2014.*

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